Vol. 16 No. 3

Weekly Economic Highlights

Week Ending 17 January 2014

1. INTEREST RATES

Deposit Rates

Deposit rates for savings, 1 month and 3 months deposits have been stagnant at 3.22%, 10.79% and 12.60%, respectively, since the beginning of the year 2014. This is attributed to low activity on the money market.

Table 1: Average Deposit Rates

2013	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
20-December	3.15	10.84	12.67
27-December	3.15	10.84	12.67
2014			
03-January[1]	3.22	10.79	12.60
10-January	3.22	10.79	12.60
17-January	3.22	10.79	12.60

Source: Banking Institutions, 2014

Lending Rates

Weighted lending rates declined across the board, both at commercial and merchant banks during the week ending 17th January 2014.

Table 2: Lending Rates

2013	Weighted Lending Rates (%)			
	Commercial Banks		Merchant Banks	
	Individuals	Corporate Clients	Individuals	Corporate Clients
20-December	14.14	9.40	18.84	17.75
27-December	14.13	9.35	18.84	17.76
2014				
03-January	14.10	9.35	18.89	17.75
10-January	14.11	9.36	18.89	17.76
17-January	14.09	9.30	18.88	17.74

Source: Banking Institutions, 2014

[1] Changes in the interests rates is due to exclusion of Trust Bank which was closed on the 6th of December 2013

2. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 17th January 2014 transactions processed through the Real Time Gross Settlement (RTGS) system increased to US$724 million in value terms, from US$719 million recorded in the previous week. The RTGS volumes recorded an increase of 5% from the previous week.

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 10 JANUARY 2014	WEEK ENDING 17 JANUARY 2014	CHANGE FROM PREVIOUS WEEK	PROPORTION
VALUES IN US$				
RTGS	718,854,934.86	724,086,959.61	1%	85.20%
CHEQUE[2]	1,813,650.64	2,999,213.34	65%	0.35%
POS	22,052,145.19	26,072,880.62	18%	3.07%
ATMS	46,316,369.20	41,882,710.00	-10%	4.93%
MOBILE	49,748,450.04	54,796,670.52	10.1%	6.45%
TOTAL	**838,785,549.93**	**849,838,434.09**		**100%**
VOLUMES				
RTGS	40,917	43,015	5%	1.41%
CHEQUE[2]	5,574	7,649	37.2%	0.25%
POS	226,035	263,448	17%	8.66%
ATMs	191,507	193,661	1%	6.36%
MOBILE	2,433,526	2,535,848	4%	83.32%
TOTAL	**2,897,559**	**3,043,621**		**100%**

Source: Reserve Bank of Zimbabwe, 2014

[2] The figures represent cheques processed through the clearing house and 'On Us' cheques. The 'On Us' refers to cheques drawn against the institution's own infrastructure by its own customers without going through another bank's infrastructure

3. INTERNATIONAL COMMODITY PRICES

International commodity prices for gold, platinum and nickel firmed, whilst those for copper and crude oil retreated during the week ending 17th January 2014.

Table 4: Metals and Crude Oil Prices

2014	Gold	Platinum	Copper	Nickel	Crude Oil
	US$/oz	US$/oz	US$/ton	US$/ton	US$/barrel
Weekly Average (10 Jan)[3]	**1,230.78**	**1,412.00**	**7,341.00**	**13,580.00**	**107.23**
13-Jan	1,247.00	1,423.00	7,306.00	13,980.00	107.01
14-Jan	1,250.13	1,431.00	7,243.00	14,280.00	106.60
15-Jan	1,237.00	1,415.50	7,310.00	14,240.00	106.59
16-Jan	1,239.38	1,421.00	7,346.00	14,490.00	106.99
17-Jan	1,245.50	1,441.00	7,379.50	14,590.00	106.33
Weekly Average (17 Jan)[4]	**1,243.80**	**1,426.30**	**7,316.90**	**14,316.00**	**106.70**
Weekly Change (%)	*1.1*	*1.0*	*-0.3*	*5.4*	*-0.5*

Source: BBC, KITCO and Bloomberg

Gold

Weakness in US equities, strong fund buying and Asian physical demand lifted gold price to its fourth consecutive weekly gain, despite a stronger US dollar. Consequently, gold prices firmed by 1.1%, from US$1 230.78/oz in the previous week to US$1 243.80/oz during the week under review.

Platinum

Platinum prices firmed by 1.0%, from US$1 412.00/oz to US$1 412.00/oz during the week under review, driven by growing supply side concerns as labor tensions persist in South African platinum industry.

Copper

Copper prices retreated for the second consecutive week, shedding 0.3% from US$7 341.00/ton in the previous week to US$7 316.90/ton during the week under review. Prices were weighed down by expectations of increased supplies later in the year as mine output increases. Price falls, however, were capped by concerns about a lack of short-term supply in the physical market due to low

[3] Average prices for the week ending 10 January 2014.
[4] Average prices for the week ending 17 January 2014.

stockpiles of copper in the market as well as port strikes in Chile, the world's major producer of the base metal.

Nickel

Nickel prices reversed the previous week's gains by gaining 5.4%, from US$13 580.00/ton in the previous week to US$14 316.00/ton during the week under review, on account of persistent concerns about an Indonesian ban on exports of unprocessed ores.

Crude Oil

Crude oil prices declined by 0.5%, from an average of US$107.23/barrel to US$106.70/barrel during the week under review. Concerns over a rise in supply from Libya and Iran weighed down the prices. Libya's crude oil production partially recovered after it restarted output, while progress in nuclear talks between the major powers and Iran could soon ease sanctions that have curbed exports from the OPEC producer.

4. EQUITY MARKETS

During the week ending 17th January 2013, trading on the ZSE was subdued largely due to a slowdown in economic activity. The industrial index softened by 0.62%, from 204 points in the previous week to 202.73 points. The poor performance was mainly weighed down by heavily capitalized counters such as Delta, Econet and Innscor.

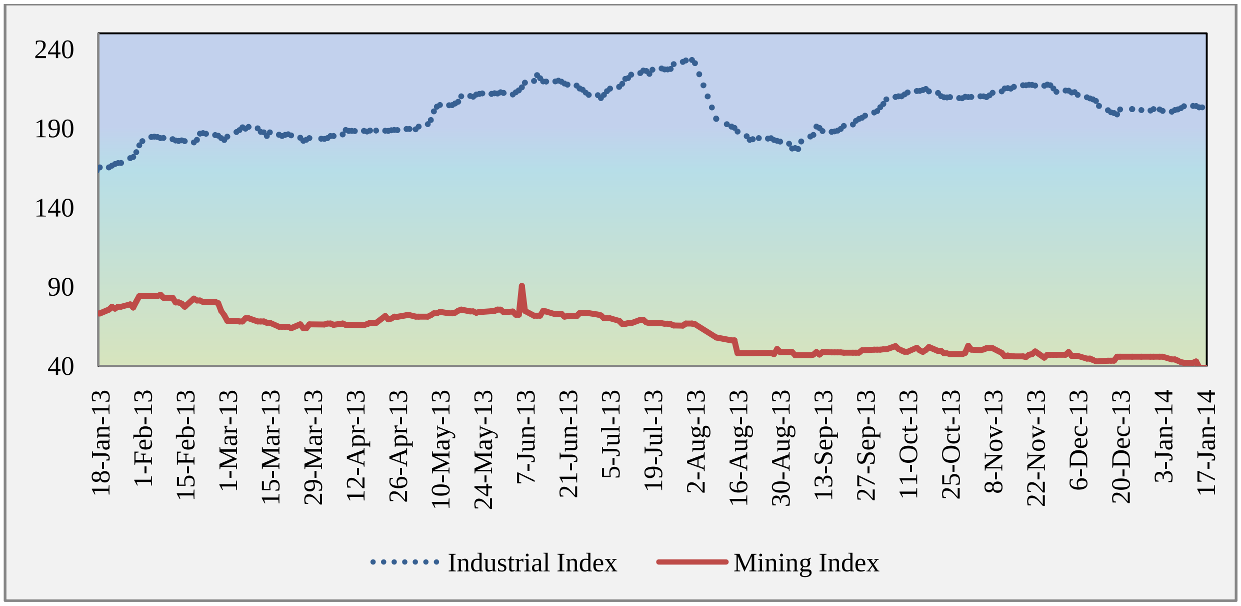
The mining index also declined by 7.48% to 38.82 points. The general decline in global commodity prices, including gold and platinum, coupled with the incessant recapitalization challenges facing the mining sector pulled down the mining index.

Table 5: Zimbabwe Stock Exchange (ZSE) Statistics

2013	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$)	Market Turnover (US$)	Volume of Shares
20-December	201.98	45.79	5,199,541,679	6,832,103	33,779,916
27-December	201.57	45.79	5,189,158,192	1,510,257	5,814,620
2014					
03-January	201.04	45.79	5,174,519,451	3,280,287	11,038,512
10-January	204.00	41.97	5,246,334,437	10,351,257	35,252,856
17-January	202.73	38.82	5,210,944,669	3,610,549	46,111,101

Source: Zimbabwe Stock Exchange (ZSE), 2014

Figure 1: Zimbabwe Stock Exchange Indices

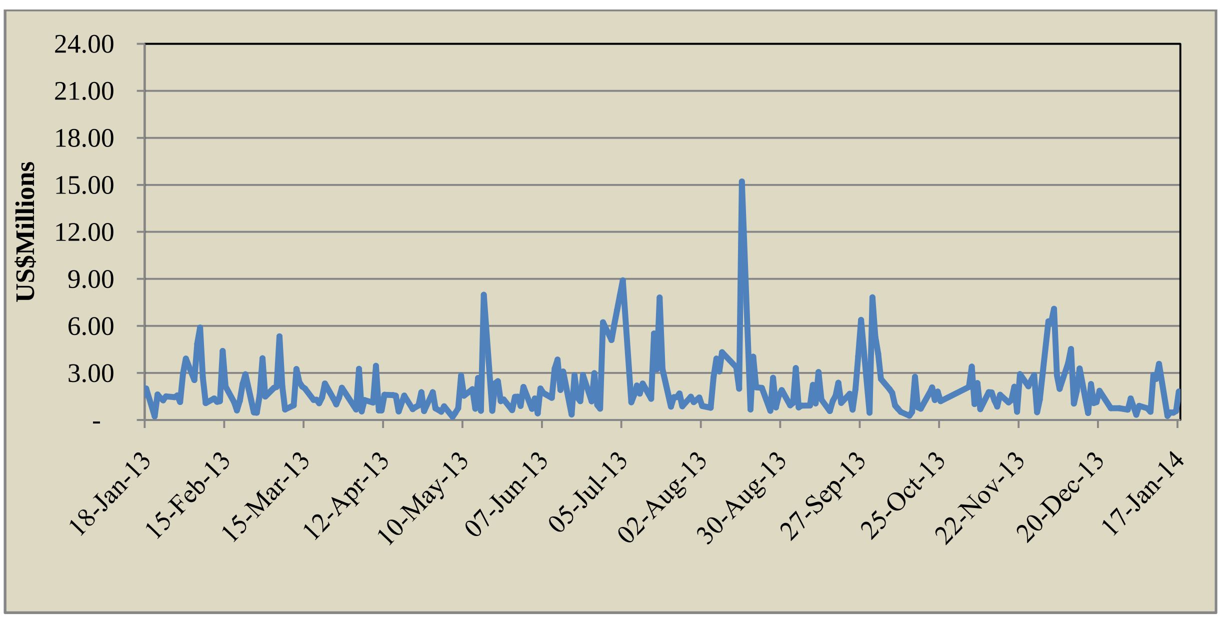


Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

During the period under review, market turnover fell by 65.12%, from US$10.35 million recorded in the previous week to $3.65 million. Foreign contribution to total turnover, however, slowed down to 39.06%, compared to 62.19% in the previous week.

Figure 2: Daily Market Turnover

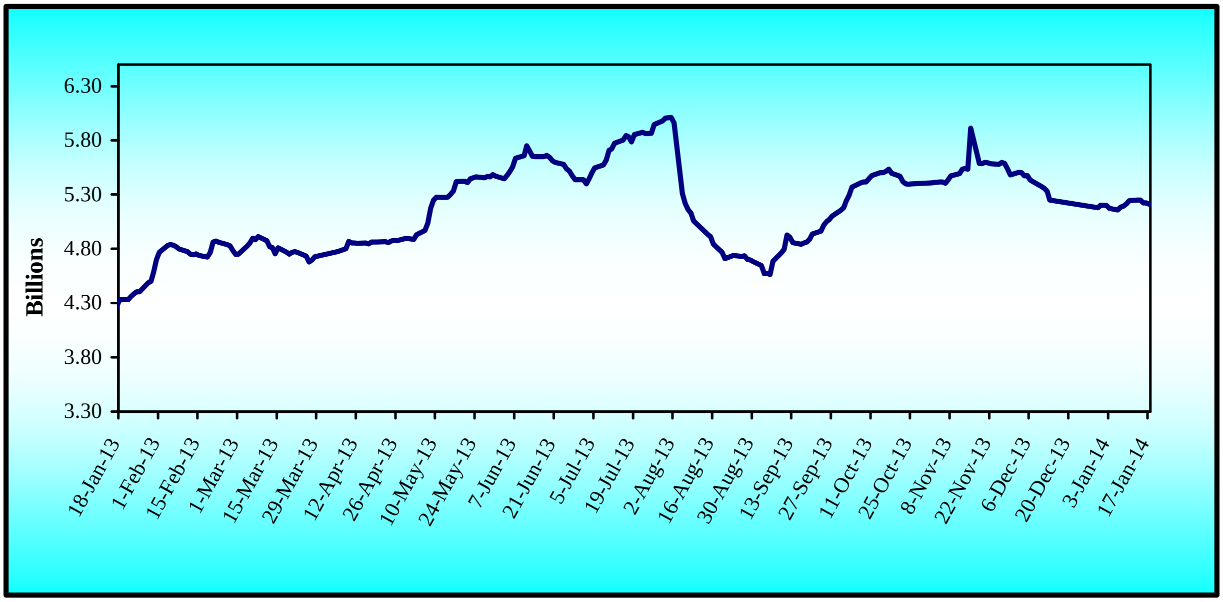


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization contracted by 0.67%, from US$5.25 billion in the previous week to US$5.21 billion. The decrease could be attributed to a reduction in foreign investor activities on the market during the week under review.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

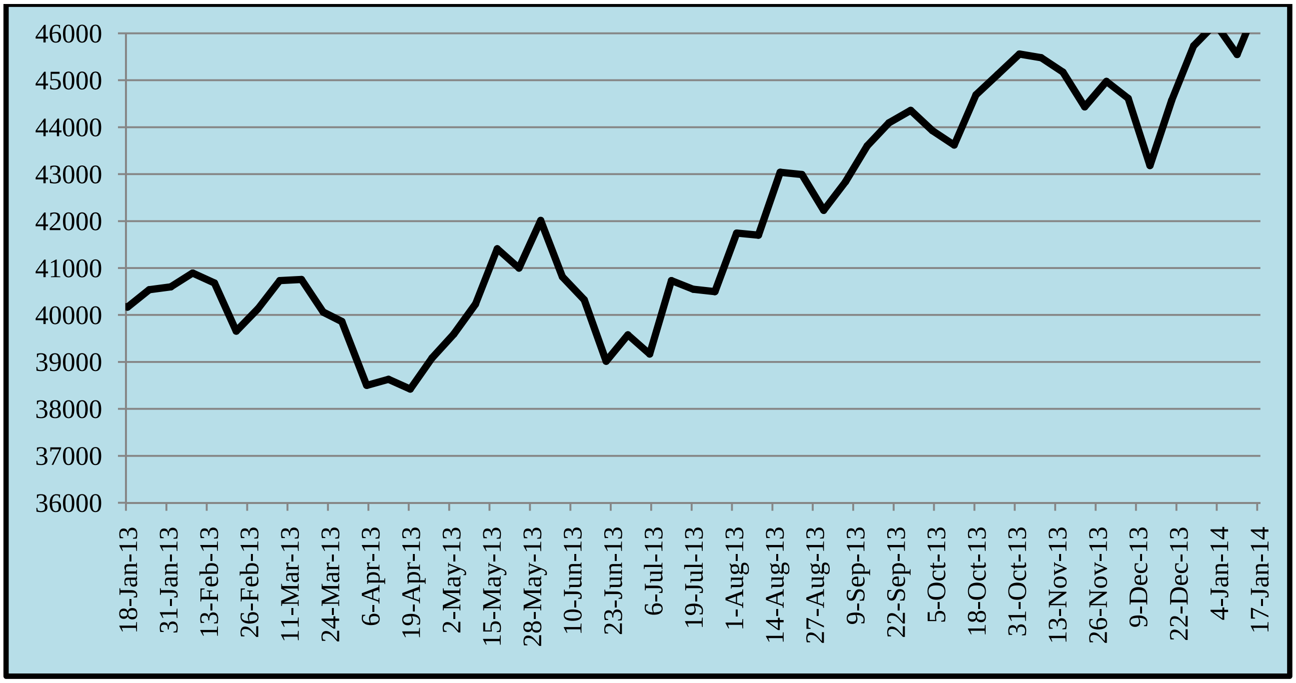
During the week under analysis, the JSE All Share index increased by 2.48% to close the week at 46 675.88 points. Similarly, market capitalization increased by 2.79% to R10 766.91 billion.

Table 6: Johannesburg Stock Exchange (JSE) All Share Index

2013	All Share Index (points)	Market Capitalization (R bn)
20-December	44,574.25	10,234.20
27-December	45,735.26	10,518.72
2014		
03-January	46,206.09	10,599.74
10-January	45,548.15	10,474.47
17-January	46,675.88	10,766.91

Source: http://www.jse.co.za/Markets/Equity-Market/Equity-Market-Statistics.aspx

Figure 4: Johannesburg Stock Exchange (JSE) All Share Index



Source: http://www.jse.co.za/Markets/Equity-Market/Equity-Market-Statistics.aspx

RESERVE BANK OF ZIMBABWE

27 JANUARY 2014